



April 17, 2017

By email and via U.S. Mail

Mr. Robert Morcomb, CFE  
Federal Election Commission  
Auditor, Audit Division  
Office of Compliance  
Washington, DC 20463

Re: Illinois Republican Party C00005926

Dear Mr. Morcomb:

This letter is in response to the Draft Final Audit Report ("DFAR") submitted to the Illinois Republican Party ("IRP") by your agency on March 29, 2017. The DFAR has made six (6) Findings and Recommendations. The IRP will address each here. In addition, the IRP hereby requests a hearing with respect to the DFAR. At a hearing, we wish to expressly address the DFAR's Finding #2, #3 and #4. The IRP submits that a hearing on the conclusions reached by the Audit Division on each of these points is essential in helping the Commission get a full assessment of the facts and circumstances of the subject matter on which each Finding is based. While the IRP will address each Finding here, the IRP has provided sufficient additional factual material that necessitates a hearing. In addition, as noted by the Office of General Counsel, given the uncertainty that exists around the level of specificity necessary to satisfy the volunteer exemption for non-allocable communications, a hearing is warranted.

Finding #1 addresses discrepancies between the IRP's bank account records and receipts and disbursements reported to your agency in 2011 and 2012. As noted in the DFAR, the IRP has hired compliance professionals specifically to amend its disclosure reports from 2011 and 2012 (and all subsequent reports) to materially correct any prior misstatements. The IRP again thanks you for this opportunity to provide accurate disclosures from this period. We wish to reiterate that any incorrect reporting of receipts or disbursements was inadvertent and without any intention to circumvent reporting requirements. As well, we are hopeful that the IRP's investment in compliance professionals both after the 2011-2012 time period and in order to accomplish the recommendations made in the IAR demonstrates the IRP's good faith in this process.

Finding #2 addresses the IRP's supposed failure to disclose 27 direct mail communications as independent expenditures. The IRP takes issue with the conclusion that these communications are independent expenditures. As the IRP has maintained throughout this audit process, these

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communications were not independent expenditures on behalf of federal candidates, but rather were non-allocable election communications on behalf of federal candidates.

The quantum of evidence produced here supports the conclusion that these expenditures were for non-allocable (and not independent) expenditures. The IRP has submitted photographic records for communications it mailed in support of Rodney Davis and for Judy Biggert, two congressional candidates during the 2012 general election cycle. As well, the IRP has submitted the affidavits of two individuals (Jon Calloway and Andrew Heffernan) who were heavily involved in and responsible for the volunteer component of the IRP's non-allocable mail program. Both affidavits describe the process by which the IRP volunteers regularly processed all of the IRP's non-allocable mail. Both affidavits detail how this process was, at the time, documented with photographs of volunteers working, and of volunteer signatures on sign-in sheets, exactly as was produced for the Davis and Biggert communications.

Calloway, who was the IRP's Deputy Director during the relevant time period, further averred that none of the mail pieces the IRP sent on behalf of federal Republican candidates were independent expenditures. Rather, all mail pieces were processed and sent as non-allocable mail.

The IRP additionally submitted the affidavit of Joe Weiss, who was its Deputy Executive Director during the relevant time period. Weiss, like Calloway, averred that all of the IRP's communications supporting federal candidates were processed as non-allocable mail, and were not independent expenditures.

As has been noted throughout the audit process, the IRP has searched diligently and feverishly, but does not possess any additional invoices or information regarding the direct mail communications referenced in the DFAR. As well, the IRP does not have any additional volunteer timesheets or photographs to document additional volunteer processing of non-allocable direct mail. As has been noted throughout the audit process, the executive leadership of the IRP changed soon after the 2012 General Election, and records were not properly preserved. The IRP sincerely regrets this circumstance, from which it is currently suffering.

Nonetheless, there is absolutely no evidence that supports the conclusion that the communications in question were independent expenditures. Further, as noted in the Weiss affidavit, given the level of coordination between the IRP and Republican federal candidates, making independent expenditures on behalf of these candidates would be nearly impossible, and impractical in any event. The IRP contends that the agency's finding is incorrect, and not supported by the evidence. As such, the IRP similarly contends that no 24-hour or 48-hour reports needed to be filed in conjunction with these communications.

Finding #3 addresses expenditures disclosed by the IRP as "FEA Volunteer Mail, Advocacy calls for Federal candidates, Direct Mail Services, equipment and phone minutes for Federal candidates and Auto-Dialer for Federal candidates." This finding contends that the IRP has not produced records to sufficiently record these disbursements as "FEA Volunteer Mail, Advocacy calls for Federal candidates, Direct Mail Services, equipment and phone minutes for Federal candidates and Auto-Dialer for Federal candidates" and has requested the IRP provide copies of communications, invoices and scripts that would substantiate these disclosures. Again,

the IRP has searched its records, and unfortunately has no additional documents that would further substantiate these disclosures.

Finding #4 addresses alleged prohibited contributions in the amount of \$72,880. This amount is derived from invoices provided by the IRP in connection with communications supporting Joe Walsh for Congress ("Walsh") and Plummer for Congress ("Plummer"). These invoices noted that the cost of postage for the communication had been paid directly by the mailhouse. While neither the IRP nor your agency were able to locate records matching these payments for postage directly to the mailhouse, the IRP contends that such amounts were permissibly spent by the IRP on behalf of the Walsh and Plummer campaigns for non-allocable mail, through the Revolvis mailhouse. The IRP further contends that all funds it paid to Revolvis for direct mail to support federal candidates were raised in accord with federal limits and source prohibitions. The IRP continues to search for records to further support this contention, to the extent that it is not supported by the records that have been produced thus far in this audit.

Finding #5 addresses items that the agency contends should have been reported as debt on Schedule D during the relevant reporting period. The IRP has reviewed the items identified in the IAR and has amended its reports from this period to more accurately reflect amounts that should have been considered debt, in conjunction with its response to Finding #1. Again, the IRP appreciates the opportunity to more accurately disclose its financial activity from this period, and again reiterates that any incorrect reporting of debt was inadvertent and without any intention to circumvent reporting requirements.

Finding #6 addresses record keeping for field employees. As noted in its response to the IAR, the IRP regrettably does not possess any monthly payroll logs for employees for the 2011-2012 time period, to the extent that such records were kept. As has been related during the fieldwork portion of this audit, a change in senior staff following the 2012 election cycle has frustrated the ability of current IRP leadership to produce records from 2011 and 2012. Regardless, as has been the case since the beginning of the 2014 election cycle, and as is the case currently, the IRP requires all of its employees who are paid by both federal and state funds to maintain monthly logs of the time each spends on federal and state activities. Going forward, the IRP will continue to require such employees to maintain monthly payroll logs.

Thank you for this opportunity to respond to this DFAR. We look forward to the opportunity to further present our contentions at a hearing before the Commission.

Respectfully,

/s/ *John G. Fogarty, Jr.* /s/

John G. Fogarty, Jr.  
General Counsel  
Illinois Republican Party

cc: Nick Klitzing, Executive Director